

From: Chuck Hill
To: Microsoft ATR
Date: 12/8/01 3:11pm
Subject: Opinion on Microsoft anti-trust settlement

I am writing you to express my opinion on the recent DOJ settlement with Microsoft on the antitrust trial. I short, I strongly feel that the agreement does not go far enough in punishing Microsoft for their anti-competitive practices, nor limits them in the future in following these practices.

Microsoft's present behavior belies what is ahead for the computer industry under a weak agreement:

- Microsoft continues to leverage its advantage over competitors by not including Java in its release of the latest Internet Explorer shipped with Windows XP. Likewise, Microsoft bundles their Media player, while shutting out RealAudio's player (similar to the practices earlier of bundling Internet Explorer with Windows, but not Netscape).
- Microsoft is effectively pressuring corporate customers to perform upgrades and purchase subscriptions and support under a deadline. After the deadline, new plans and prices will go into effect, although it is vague as to what those conditions will be.
- Microsoft has declared war on open source software, such as the Linux operating system, calling it un-American. There is even concern in the open-source community that Microsoft may start trying to limit the growth of open source software through software patents and other legal mechanisms.
- Some of Microsoft's licensing agreements go so far as to limit free speech, compelling the customer not to make remarks that derogatory or critical of Microsoft.
- The agreement to view Microsoft source code, under the control and watchful eyes of Microsoft, is a minimal concession and provides little or no advantage to vendors in developing software to run on Microsoft platforms. The fact is that Microsoft product teams will have FULL access to source code, as well as being privy to future enhancements to their operating system. I doubt they will give the same access to competitors.
- Microsoft continues to branch out into new markets and initiatives, including PDA's, Web services, game systems, set-top boxes. In typical Microsoft fashion, these systems are closed source, compete with industry standards, and don't interoperate well with other systems. The one main exception is Microsoft's embracing XML with their .NET initiative, but even .NET is a closed system.
- Microsoft's latest version of Windows, XP, practically forces the customer to register with Passport, an on-line identification service, providing personal information that will reside on Microsoft servers. Microsoft will own this data, along with the temptation to sell or otherwise abuse this privilege. Of course, this is in direct competition with other similar, more open mechanisms of storing user identities.
- Even with the current agreement, Microsoft does not admit to their guilt, and does not acknowledge its monopoly status, even though this is the ruling.

These are just a few examples that come to mind. I've read many more in the industry press.

Under normal circumstances, where there are several players in the market, Microsoft has every right to

compete in a vigorous manner. But these are not normal circumstances. Microsoft is one of the largest corporations in the world, and the largest software vendor. Microsoft holds over 90% of the desktop computer market. Microsoft Office products have such a high penetration in the corporate market that Microsoft Word and Outlook are the defacto word processing and email programs of corporate America. When Microsoft says jump, these customers have little recourse but to say "How high?".

This situation is not unlike 20 years ago, when IBM held dominance over the mainframe computer industry. It was not until they were pressured by the DOJ, and the PC came along, that competition opened up and we started a long technology boom, which led to more innovation, including the Internet. Prior to this, we had closed, proprietary systems which did not interconnect well. If IBM had maintained its hegemony over systems and networking, it is doubtful that we would have seen anything like the Internet. I see the same situation with Microsoft's dominance of the desktop -- as long as their code and data formats are secret, and they dominate the marketplace, it will be difficult for innovators to come up with the next 'Internet.'

To give you additional perspective on where I'm coming from, I'm writing this email on a Windows 98 system, using Microsoft Outlook. I typically use Microsoft products for my email, word processing (Word), financial planning (Excel and Money). They are fine products. However, I also use Linux, Netscape, StarOffice, Java and other systems and applications. I have no problem with using Microsoft products. But I do have a problem where one vendor has such dominance in so many areas of computing as to stifle innovation that a truly competitive marketplace would bring. Microsoft claims to be a champion of innovation, yet oppose it in the open-source community and quash it from their competitors.

Personally, I feel the "remedies" do not go far enough in leveling the playing field, and Microsoft has been given carte blanche to continue in their arrogant, aggressive fashion. We will see Microsoft in court in the future, I fear. But what I fear more are the ideas and innovative products that will be stifled or never see the light of day until that next day in court arrives.

Sincerely,
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